



Canada: “Southern Ontario Development Agency” created to stimulate economic development

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At the beginning of this year the Canadian government released the federal budget outlining measures that the government would take in the coming months to stimulate economic growth and recovery across the nation. The budget included a comprehensive range of programs intended to specifically address the current economic slowdown and restore confidence in the country's economy. The government also announced that a component of the budget would provide a spending package for industries and regions hit hard by the economic downturn.

Chapter three's section of the budget entitled, “Action to Support Businesses and Communities”, announced the creation of the [Southern Ontario Development Agency](#) in an attempt to support Ontario's southern region -- an area which has been particularly impacted by plant closures and stagnant economic growth. Through the newly created Development Agency, the government pledged to provide more than C\$1 billion over five years for new initiatives that would produce economic growth and opportunities for the region. More specifically, “its programs will support economic and community development, innovation, and economic diversification, with contributions to communities, businesses and non-profit organizations.” Additionally, through the Southern Ontario Development Agency the budget will provide C\$20 million over two years to support business and community development in rural areas of Eastern Ontario.

The funds allocated for these two programs, as stated in Table 3.8 of Chapter 3 of the budget, are as follows:

Table 3.8

Action to Support Businesses and Communities

	2008–09	2009–10	2010–11	Total
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(Million US\$ at present rate 1 US\$=1.23 C\$)

Helping All Regions Prosper

Southern Ontario development agency		167	167	335
Eastern Ontario Development Program		8	8	16

The budget's details regarding communities are available at: [Action to Support Businesses and Communities](#) and the complete Canadian government budget is available at [The Budget Plan 2009](#).

Opportunities for US Companies

The Southern Ontario region offers American companies an abundance of strategic economic advantages. For instance, high education levels, large and prosperous urban areas, and a close proximity to the United States market make Ontario an attractive potential destination for U.S. companies looking to export their products and services. Thus, despite the current economic slowdown this region continues to offer numerous growth opportunities for U.S. companies.

Programs included in the Canadian budget supporting Ontario's communities will translate into new infrastructure project opportunities and, together with the budget's industry sector initiatives, create demand for the production and servicing of new and used equipment and products.

The following list outlines specific sectors which offer U.S. companies particular opportunities for growth:

- Green energy technologies, including carbon capture and storage technologies.
- New electricity generating facilities to replace and eliminate coal-based generation with gas-fired, nuclear, and renewable energy generating facilities.
- Computers, machinery and equipment used in manufacturing or processing that have a temporary increased Capital Cost Allowance to assist Canadian companies with investing in such equipment.

Canada's general industrial equipment, machinery, and especially electrical equipment sectors are highly integrated globally. As a result, a large proportion of Canadian manufacturing is exported into the U.S. market and, similarly, many Canadian business and consumer needs are supplied by U.S. producers exporting into Canada. Given that the United States possesses a large component of Canada's import flows, the recent slowdown in the Southern Ontario manufacturing industry has created additional opportunities for U.S. companies.

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